

Message Text

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ACTION NEA-09

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TO SECSTATE WASHDC 2714

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C O N F I D E N T I A L KUWAIT 1552

VIENNA PASS USMISSION IAEA

E.O. 11652: GDS

TAGS: ENRG, PFOR, KU, US

SUBJECT: KUWAIT PEACEFUL NUCLEAR ENERGY PROGRAM: EMBASSY
COMMENT

REF: KUWAIT 1499

SUMMARY: RECENT STATEMENT BY MINISTER ELECTRICITY AND WATER (REFTTEL) MAKES CLEAR GOK DETERMINATION MOVE FORWARD WITH NUCLEAR ENERGY PROGRAM TO MEET FUTURE LOCAL POWER NEEDS. GIVEN PRAGMATIC REQUIREMENTS, ABUNDANT FUNDS AND DESIRE AMONG POTENTIAL SUPPLIERS TO WIN SALES CONTRACTS, WE THINK GOK WILL DEFINITELY FOLLOW-UP ON THIS MATTER. KUWAITI NUCLEAR POWER PROGRAM REPRESENTS VERY LARGE TRADE OPPORTUNITY FOR US FIRMS AND COOPERATION WITH US COULD PAY ECONOMIC AND POLITICAL DIVIDENDS. WE THINK GOK WILL PURSUE NUCLEAR ENERGY PROGRAM WHETHER US INVOLVED OR NOT. EMBASSY THINKS TIME HAS COME FOR FRESH LOOK AT WHETHER OUR INTERESTS NOT BEST SERVED BY ALLOWING AMBASSADOR TO DISCUSS PROGRAM WITH MINISTER AND TO INDICATE USG WILLINGNESS IN PRINCIPLE TO CONSIDER GOK REQUESTS TO DISCUSS SPECIFIC ELEMENTS KUWAITI PROGRAM IN MORE DETAIL. END SUMMARY.

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1. REFTEL REPORTED RECENT POLICY STATEMENT BY GOK MINISTER OF ELECTRICITY AND WATER ALGHANIM REGARDING KUWAIT'S PLANS TO PURSUE NUCLEAR ENERGY PROGRAM TO HELP MEET COUNTRY'S FUTURE POWER NEEDS. AS DEPARTMENT AWARE EVER SINCE LAST SUMMER SENIOR GOK OFFICIALS HAVE INDICATED INTEREST IN NUCLEAR ENERGY. KUWAITI DELEGATION TO DETROIT ENERGY CONFERENCE LAST YEAR WAS PARTICULARLY INTERESTED IN SUBJECT OF NUCLEAR AND OTHER ALTERNATIVE ENERGY SOURCES. DELEGATION WAS LED BY ALGHANIM, WHO THEN TRAVELLED TO CANADA WHERE HE VISITED CANADIAN NUCLEAR FACILITY. KUWAITIS ALSO HAVE BEEN IN TOUCH WITH FRENCH AND, AS REFTEL INDICATES, ARE BROADENING THEIR CONTACTS.

2. ALGHANIM STATEMENT MAKES CLEAR GOK DETERMINATION TO MOVE FORWARD AND THAT PRAGMATIC CONCERNS RATHER THAN SIMPLY DESIRE FOR PRESTIGE ARE AT ROOT OF KUWAITI EFFORT. GOK, CORRECTLY WE THINK, HAS JUDGED THAT IT WILL REQUIRE MORE THAN ITS OWN OIL AND GAS RESOURCES IF IT IS TO DIVERSIFY ECONOMY THROUGH INDUSTRIALIZATION.

3. GOK, OF COURSE, HAS THE MONEY. IT IS TAKING METHODICAL, LONG-TERM LOOK AT PROBLEM. SUCCESSFUL DEVELOPMENT NUCLEAR ENERGY COULD ALLOW KUWAIT TO PRODUCE MORE OIL, SINCE NEED TO STRETCH OUT LIFE OF OIL AND GAS RESOURCES FOR LOCAL POWER REQUIREMENTS PRESUMABLY WILL BE ALLEVIATED. IN ANY CASE, MORE OIL WOULD BE AVAILABLE FOR EXPORT SINCE LESS WILL BE NEEDED LOCALLY FOR DOMESTIC POWER REQUIREMENTS.

4. KUWAITIS COULD SPEND SEVERAL BILLION DOLLARS ON DEVELOPMENT NUCLEAR POWER FACILITIES. ADDITIONAL POWER WILL ALLOW NUMBER OF INDUSTRIAL AND OTHER PROJECTS TO MOVE FORWARD THAT ALSO WILL COST SOME ADDITIONAL BILLIONS OF DOLLARS. OVER LONG TERM, THEREFORE, NUCLEAR ENERGY PROGRAM WILL BE OF FUNDAMENTAL IMPORTANCE TO ECONOMIC DEVELOPMENT OF KUWAIT.

5. GOK, OF COURSE, WILL HAVE TO PURCHASE TECHNICAL AND OTHER SERVICES FROM ABOARD. OFFICIALS HAVE MADE OVERTURES TO CANADA, FRANCE AND UK. GOK WOULD LIKE TO DISCUSS MATTER WITH US. THE COUNTRY WITH WHICH GOK EVENTUALLY WORKS CAN BE EXPECTED TO GAIN IMPORTANT ECONOMIC AND POLITICAL RETURNS.

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6. WE THINK TIME HAS COME FOR USG TO TAKE FRESH LOOK AT WHETHER OUR INTERESTS BEST SERVED BY AVOIDING DISCUSSION OF NUCLEAR DEVELOPMENT PROGRAM WITH GOK. WE NOTE FOLLOWING, (A) APPEARS TO BE NO QUESTION THAT GOK PROGRAM SOLELY FOR PEACEFUL AND LOCAL DEVELOPMENT PURPOSES (GOK HAS SIGNED NPT AND IS MEMBER IAEA); (B) GOK HAS ABUNDANT FUNDS AND CERTAINLY WILL GO FORWARD WITH PROGRAM, IF NOT WITH US, THEN WITH OTHERS; (C) COMMERCIAL BENEFITS COULD BE VERY SUBSTANTIAL; (D) US INVOLVE-

MENT WOULD ALLOW US TO HAVE DEGREE OF CONTROL OVER NUCLEAR DEVELOPMENT HERE RATHER THAN NONE AT ALL; AND (E) US INVOLVEMENT WITH KUWAIT WOULD BE CONSISTENT WITH OUR COOPERATION WITH OTHER REGIONAL STATES, NOTABLY IRAN AND SAUDI ARABIA. (WE NOTE GOK CLEARLY WISHES COOPERATE WITH SAUDIS).

7. IN SUM, WE THINK THERE ARE PERSUASIVE COMMERCIAL AND POLITICAL ARGUMENTS FAVORING NUCLEAR COOPERATION WITH KUWAIT. US-KUWAITI COOPERATION WOULD SERVE OUR OVERALL ENERGY AND FINANCIAL INTERESTS AND WOULD BE CONSISTENT WITH GROWING PATTERN OF COOPERATION IN OTHER FIELDS. COOPERATION WOULD ALSO BE CONSISTENT WITH OTHER US RELATIONSHIPS IN AREA.

8. ACCORDINGLY, I WOULD LIKE DEPARTMENT'S PERMISSION TO DISCUSS GOK NUCLEAR ENERGY PROGRAM IN GENERAL TERMS WITH MINISTER ELECTRICITY AND WATER AND TO INDICATE USG WILLINGNESS IN PRINCIPLE TO CONSIDER GOK REQUESTS TO DISCUSS SPECIFIC ELEMENTS KUWAITI PROGRAM IN MORE DETAIL, EITHER WITH US OFFICIALS OR WITH APPROPRIATE AMERICAN BUSINESSMEN OR BOTH. I WOULD APPRECIATE HAVING DEPARTMENT'S INSTRUCTIONS BY APRIL 21.
STOLTZFUS

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